

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: WALLMAN, Steven M.H.

Appl'n No.: 09/038,158

Filing Date: 11 March 1998

Title: METHOD AND APPARATUS FOR ENABLING
SMALLER INVESTORS OR OTHERS TO
CREATE AND MANAGE A PORTFOLIO OF
SECURITIES OR OTHER ASSETS OR
LIABILITIES ON A COST EFFECTIVE BASIS

Art Unit: 3624

Examiner: Bashore, A. L.

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

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DECLARATION BY STEVEN M.H. WALLMAN
UNDER 37 C.F.R. § 1.132

I, Steven M.H. Wallman, hereby declare the following:

1. I am a citizen of the United States of America residing at 9332 Ramey Lane, Great Falls, Virginia 22022-2025. I have worked as a professional for over 20 years in the area of securities law and markets. During 1994-1997, I served as Commissioner of the United States Securities and Exchange Commission. My experience also includes being a partner at Covington & Burling from 1986 to 1994 and an associate at that firm from 1978 to 1986. I have also been a Senior Fellow (nonresident) at the Brookings Institution. Since 1998, I have also been the founder and CEO of FOLIOfn (and its predecessors), a securities broker-dealer firm.
2. I am the inventor of the above-identified application. I am submitting this declaration to comment on the Alaska Air Group article, a copy of which is attached as Exhibit A, with respect to currently pending independent claim 50 of the present invention.

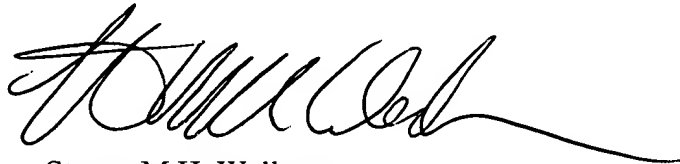
3. Exhibit A refers to an offer by Alaska Air Group to its own shareholders to act as agent to put together odd lots to be sold on the market in round lots. This is similar to an odd lot tender offer made by a company to its shareholders. Both programs (Alaska Air Group's and an odd-lot tender offer) ultimately serve the same corporate purpose – to reduce corporate expense. Corporations pay for servicing shareholder ownership in a number of ways. For example, corporations must print and deliver annual reports, proxy statements and other shareholder communications. Generally speaking, the corporation incurs all the costs, from printing to distribution, of these communications, even if they are distributed as they usually are through third parties such as a brokerage (who then can charge the corporation for the reasonable costs of distribution). These all-in charges vary, but they can be tens of dollars per shareholder account being serviced. Consequently, corporations attempt to reduce this cost by eliminating small shareholdings. On the other hand, shareholders, even those who are interested in eliminating their positions if they own just a few shares of a corporation's stock, may not find it economical to do so because the cost of the sales transaction is significant relative to the then value of the stock. In this situation, although both the corporation and the shareholder have a desire to eliminate the shareholding, there was no traditional economical means to do so. Thus, what Alaska Air Group is doing is trying to minimize the high cost of maintaining a large amount of odd lot shares (e.g., lots of less than 100 shares per shareholder) by offering to accumulate several of these odd lots in order to sell them at lower per share cost in round lots. Some corporations do this by engaging in odd lot tender offers where they actually repurchase the shares themselves, while others (like Alaska Air Group) that do not have the capital or the desire to repurchase the shares act as agent to "bundle" the shares and then sell them on the market. Companies do not issue odd lot tender offers or these bundling orders often, and when they do, the process is usually spread out over a prolonged period of time. For example, the purpose of the announcement reported by the Alaska Air Group article was to extend the offer period from 30 days to 60 days.

4. The situation described in the Alaska Air Group article is premised on an entirely different and unrelated mechanism than that of the portfolio transaction invention recited in independent claim 50. Claim 50 recites transacting investor portfolios of a plurality of assets or liabilities, which includes aggregating single shares, odd lots and/or fractional shares. This allows investors to create and transact multiple stock portfolios previously unavailable to them because the associated transactions are otherwise economically unviable. Neither the odd lot tender offer situation nor the bundling situation described in the Alaska Air Group article provides any way for investors to create and manage portfolios, let alone portfolios having a plurality of assets or liabilities. Additionally, one would not associate these situations, which are motivated by the cost-saving benefit to the company, with the invention recited in claim 50, since neither situation permits transacting shares of more than one issuer, neither would be used to sell shares to shareholders, and neither would be expected to be made available on a frequent or predictable basis. In fact, the odd lot bundling and tender offers are aimed at eliminating ownership of odd lot shares which the portfolio transaction system set forth in claim 50 facilitates.
5. For these reasons, one of ordinary skill in the art would not associate, nor be motivated to associate, this situation with the portfolio transaction invention recited in independent claim 50.

I, Steven M.H. Wallman, declare under penalty of perjury that the above statements are true and correct to the best of my knowledge, information, and belief. I understand that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. 1001) and may jeopardize the validity of the above-identified application or any patent issuing thereon.

Respectfully submitted,

Dated: March 29, 2004



Steven M.H. Wallman



EXHIBIT A

DIALOG(R) File 810:Business Wire
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0065270 BW614

ALASKA AIR GROUP: Alaska Air Group extends time period for stock sales plan
for small shareholders

September 29, 1987

Ticker Symbol: ALK
Byline: Business Editors
Dateline: Seattle
Time: 05:45 PT
Word Count: 204

Alaska Air Group Inc. (NYSE, PSE) announced Tuesday that it will extend until Oct. 30, 1987, the low-cost selling arrangement for small shareholders it first offered on Sept. 1, 1987.

Shareholders who own 99 or fewer shares of the company's common stock can sell their shares under the program and the company will pay the brokerage commissions. The odd - lot shares submitted by participating shareholders will be accumulated and sold in lots of 100 shares or more on the open market. None of the shares will be purchased by the company.

Shareholders selling during the extension period will receive the weighted average per share price (the total proceeds from sales of stock during the Sept. 30 - Oct. 30 extension divided by the total number of shares sold during that time.) A small 25 cent per share fee, up to a maximum of \$10 per account, will be deducted from the sale proceeds to help defray the costs of offering the selling arrangement.

A notice of the extension will be mailed to shareholders on Sept. 29, 1987, and the selling arrangement will terminate at 5 p.m. New York time on Oct. 30, 1987.

CONTACT: Alaska Air Group, Seattle
Lou Cancelmi, 206/433-3170 or
Marjorie Laws, 206/433-3131

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